

CONSUMER CONFIDENCE INDEX

Description of Indicator

The Consumer Confidence Index is a five question survey that measures the confidence that Orange County consumers have in their present and future personal economic situations. These questions are also used in the national consumer confidence survey conducted by the University of Michigan.

Why is it Important?

Consumer Confidence is important because it is a measure of how willing consumers in Orange County are to make major purchases such as a new home or new automobile, invest in new business endeavors, or take a risk with their career such as starting a new business or pursuing additional education. Consumer confidence index is a leading indicator of the future spending habits of consumers. In addition, it is a measure of how well consumers in Orange County feel about their wellbeing and lifestyle, as well as Orange County's collective economic future. Optimism and consumer confidence will positively affect retail sales and housing markets.

How is Orange County Doing?

Orange County's five-question Orange County Consumer Confidence Index, at 111, represents the highest score for Orange County since the Orange County Annual Survey began asking these questions in 1986. Nationwide, the Consumer Confidence Index stands at 105, according to the University of Michigan. The Consumer Confidence Index is calculated from a formula provided by the University of Michigan, which computes scores for each question (better-worse+100), then adjusted by the 1966 base period. The national index score was 100 in 1966. A score of 100 or more is considered very good, since 85 is the average score for the 50-year history of the national survey.

Consumer Confidence Index

Year	US	OC
1986	92	109
1987	94	104
1988	95	106
1989	96	105
1990	76	85
1991	82	84
1992	77	75
1993	75	73
1994	92	89
1995	94	90
1996	95	101
1997	107	110
1998	100	105
1999	105	111

Source: Orange County Annual Survey, UC Irvine

BUSINESS SENTIMENT

Description of Indicator

Business Sentiment is a measure of how business executives in Orange County feel about doing business in Orange County, providing an overall picture of the business climate of the region.

Why is it Important?

Business Sentiment is an important measure of the confidence existing businesses have in the Orange County economic situation, in terms of attractiveness, support, opportunities and barriers. Since businesses provide jobs, sales tax dollars, and accessibility to consumer goods and/or amenities, a positive business sentiment is important for maintaining Orange County's economic health and high quality of life.

How is Orange County Doing?

After judging Orange County to not be a very attractive place to do business in the early to mid 1990's, for the last 3 years Orange County executives have rated the county as a more attractive place to do business. However, the following challenges remain:

- High cost of labor
- High cost of housing
- Litigation liability
- Difficulty in hiring skilled employees
- State and local taxes

Percentage of Orange County Executive's Rating Orange County as a More Attractive Environment for Business

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
More attractive	22%	21%	6%	10%	17%	21%	30%	41%	40%	40%

Source: Orange County Executive Survey, UC Irvine